

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL FIVE)

Docket No. RM2021-8

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION 5 OF CHAIRMAN'S INFORMATION REQUEST NO. 1**
(October 6, 2021)

The United States Postal Service hereby provides its response to the above listed question of Chairman's Information Request No. 1, issued September 17, 2021. Timely responses to all other questions were filed on September 24, 2021. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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October 6, 2021

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5. Please refer to the Petition. The Postal Service explains that its thorough review of international transportation costs revealed that account 53281 is "solely for expenses incurred for transporting mail to Canada by highway." Petition, Proposal Five at 2. Consequently, in the instant proceeding, the Postal Service proposes to distribute outbound surface transportation expenses reported in General Ledger account 53281 (INTERNATIONAL SURFACE TRANSPORTATION) to international mail categories transported to Canada by surface. *Id.* at 1. Please explain in which General Ledger account the Postal Service records expenses incurred on international ocean surface transportation.

RESPONSE:

As things stand, the General Ledger account in which the Postal Service is recording expenses incurred on international ocean surface transportation is primarily account 52331, Professional Services – Office Space Not Supplied. Account 52331 is a Cost Segment 18 expense account, part of component 210 (Product Specific Supplies and Materials). Except for the initial COVID-19 response in the spring and summer of FY 2020, during which some mail was transported by ship, ocean transportation is used for the transport of empty equipment that cannot be identified by class of mail for attribution purposes. Hence, ocean transportation in 52331 is treated as Group Specific to International.

Prior investigation had shown that, in FY 2020, there was only incidental ocean transportation expense accrued in account 53281, Canada Surface Transportation. That was the basis for the observation quoted in the question (from page 2 of the Proposal) that account 53281 is used just for expenses incurred for transporting mail to Canada by highway. Unfortunately, however, subsequent investigation into expenses

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for FY 2021 revealed that, this year, a more material amount of ocean transportation expense was showing up in account 53281. As noted above, though, ocean transportation costs are primarily being recorded in account 52331, and the amount found in account 53281 remains a small fraction of the total. Any ocean transportation amounts that do show up in account 53281 can and will be segregated from Canada surface transportation amounts, and by subtracting any such ocean transportation amounts from total account 53281 expenses, only the Canada surface transportation amount would be distributed under this proposal. The residual 53281 expenses (i.e., those subtracted out because they are for ocean transportation) will be treated for attribution purposes as if they were in account 52331 (i.e., treated as Group Specific to International).